AN ANALYSIS OF THE IMPACT OF GOVERNMENTAL
REGULATIONS ON SMALL BUSINESS ENTERPRISES:
A CASE STUDY OF CAMPBELLTON PLAZA

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ABSTRACT

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An Analysis of the Impact of Governmental Regulations on Small Business Enterprises: A Case Study of Campbellton Plaza

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The primary intent of this study is to examine the impact of governmental regulations on Small Business Enterprises located at the Campbellton Plaza.

Campbellton Plaza is one of the fourteen commercial districts in Atlanta which has been targeted for revitalization by the City of Atlanta. The project is a joint venture operated by Southwest Economic Development Corporation, the Citizens and Southern National Bank, the Atlanta Economic Development Corporation, Georgia State University Small Business Program and the Bureau of Planning.

The writer, through working with the small businesses and the city government at the Campbellton Plaza observed that the federal government as well as state and local municipalities played important roles by giving assistance to small

business in several ways. For the merchants to be eligible for the needed assistance, they have to comply with several criteria, regulatory guidelines and deadline.

Although this study is confined to the Campbellton Plaza, it is hoped that the study will contribute to a better understanding of the impacts of the governmental regulations on small business in general by the readers of this paper. This study was chosen because of constant complaints by the merchants about the criteria in getting the Business Improvement Loan Fund designated to the Campbellton Plaza.

The data for this study were obtained from both primary and secondary sources, and the methodology employed is discriptive analysis.

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I. INTRODUCTION

The small business plays a crucial role every day in the operation of the United States' economy. However, many Americans are unaware of its pervasiveness because small businesses tend to be overshadowed by larger, multinational businesses. Because of the greater visibility of big businesses, most people tend to underestimate the importance of small firms to the economic well-being. But the economy was built on small businesses, and it continues to thrive on a solid framework of locally-owned operations.

Small businesses can be defined based on a number of measures such as output, number of employees, assets, dollar sale volumes, or any of a number of other measures as may be appropriate for a particular purpose.[1] In regard to this study, the Small Business Administration generally defines a small business as one that is independently owned and operated and is not dominant in its field.[2] In addition, the Directory of Small Business, further maintains that such business must

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[1]Edward Miller, "Productivity and the Definition of Small Business," American Journal of Small Business, VII, No. 1 (July/September 1982), p. 17.

[2]U.S. Small Business Administration, Office of Public Communication, Facts About Small Business Administration (Washington D.C.: Government Printing Office, 1985), p. 1.

have fewer than 100 people or less than $1,000,000 in gross receipts per year.[3] This definition currently encompasses 15,000,000 small businesses in the United States of America.[4]

The contributions of small businesses to the nation's economy are as numerous as the businesses themselves, especially in job creation, innovation, and productivity. All of the 2,650,000 new jobs generated during 1981 and 1982 came from independent small businesses. Moreover, small firms and inventors are 2.4 times more productive per employee and 24 times more productive per dollar of research and development expenditure in the generation of innovation than large firms.[5] In terms of output, small businesses account for approximately 32 percent of the country's Gross National Product, and the livelihood of more than 100 million Americans is provided directly or indirectly by small businesses.[6]

However, the Service Corps of Retired Executives (SCORE), a group of retired business executives who perform the public

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[3]U.S Small Business Administration, Office of Chief Counsel for Advocacy, Directory of State Small Business Program (Washington D.C.: Government Printing Office, 1980), p. 34.

[4]U.S. Small Business Administration, "Small Business is Big in the U.S.A.," U.S. Small Business Week (May 18-25, 1986), p. 29.

[5]U.S. Small Business Administration, The State of Small Businesses (Washington, D.C.: Government Printing Office, March 1984), p. 5.

[6]Ibid.

service of aiding and advising small-business managers, has estimated that around 400,000 small firms go out of business each year in the U.S. and 100,000 of these fail in the first year of existence.[7] They further stated that the causes of discontinuance and failure resulted from lack of experience, shortage of working capital, and losses to the creditors.[8] In addition, the Statistical Analysis and Reports Division of the U.S. Courts in 1983 also showed that there were over 60,000 small businesses involved in bankruptcies.[9]

While there are many factors that can cause small business discontinuance and failures, this does not appear to deter the formation of new small businesses. The number of new small business incorporations increased from 319,000 in 1974 to over 600,000 in 1983.[10] Therefore, small businesses play a key role in moving the United States toward certain basic economic objectives - more employment opportunities, new technological innovations and a higher standard of living - as well as supplying goods and services to the

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[7] Failing Businesses Parade, September 8, 1974, p. 24; cited by Curtis E. Tate, et al., Successful Small Business Management, 4th ed. (Texas: Business Publication, Inc., 1985), p. 10.

[8] Ibid.

[9] Administrative Office of the U.S. Supreme Court, Statistical Analysis and Reports Division, 1984, cited in U.S. Small Business Administration Annual Report FY 1984, Vol 1 (Washington, D.C.: U.S. Government Printing Office, December 1985), p. 10.

[10] Monthly New Business Incorporation (New York: Business Economic Department, Dun and Bradstreet, April 9, 1984), p. 15.

people. In his report to Congress on the State of Small Business, President Reagan stated "...the importance of the small business sector cannot and should not be ignored. For me, small business is the heart and soul of our free enterprise system."[11]

The governments, Federal as well as state and local municipalities, have been aware of both the importance and vulnerability of small businesses, and have taken a variety of steps to assist and strengthen them. However, the U.S. Small Business Administration, which was established in 1953, is probably the most visible form of Federal assistance, through its lending and managerial assistance programs. Other Federal efforts also included a variety of tax incentives for small businesses.[12]

In the area of Federal Regulation, the government is being made aware of the fact that the relative burden of such regulations is much greater on small businesses than on large ones. However, small businesses have been relieved of, or have been given more flexibility in many compliance requirements.[13] Moreover, an old time Federal effort to assist small businesses involve Anti-Trust legislation, the Sherman and

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[11] U.S. Office of Management and Budget, Report of the President (Washington D.C.: U.S. Government Printing Office, March 1982), p. 20.

[12] U.S. Small Business Administration, Your Business and the SBA (Atlanta: Small Business Administration Office, Public Communication Division, February 1985), p. 2.

[13] "Easing Government Regulatory Burdens on Small Business," Business Week (June 16, 1980), p. 156.

Clayton Acts, as well as more recent legislation which are meant to protect the competitive markets upon which small businesses depend.[14]

In an effort to assist and promote economic activities of the Campbellton Plaza, the Southwest Economic Development Corporation, with the City of Atlanta and Small Business Development Center, played an advocacy role in assisting small business activities in the plaza.[15]

According to the definition of small business, 90 percent of the businesses in Campbellton Plaza are classifed as small. These small businesses would like to remain and expand their businesses in the community if circumstances permit. To preserve this unique environment, the city government has taken actions to encourage the survival of small businesses and the community at large.

The purpose of this study is to analyze the role of governmental regulations and Small Business Administration on small business enterprises. The study focuses specifically on the impact of the burdens of governmental regulations and loan criteria as they affect small businesses as a whole with Campbellton Plaza as a case study.

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[14] Ibid.

[15] Project Office Agreement Between City of Atlanta and Southwest Economic Development Corporation (Bulletin by the City of Atlanta, Georgia, March 13, 1985), p. 5.

II. THE PROBLEM AND ITS SETTING

Campbellton Plaza is a thirty-year-old community shopping center. It is located at the intersection of Delowe Drive and Campbellton Road in Southwest Atlanta (see Appendix A). The Campbellton Plaza was constructed in the mid 1950s to serve the growing community at that time. Accessibility to this district has also been improved by the construction of the Lakewood Freeway in 1966, and the construction of interstate 285.[16] Commercial and residential development increased during the early 1970s, but have since levelled off, despite a 44 percent increase in population for the larger area between 1970 and 1980. The residential profile for the market area also indicates a large number of professional and wage earning households with an average household income of $15,902, as compared to $16,697 for the city.[17]

Although Campbellton Plaza is a well known commercial center, it is experiencing poor sales activity as other commercial establishments in the vicinity (Greenbriar Mall),

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[16] The Campbellton Plaza Background Profile (Bulletin by Investment Syndications Incorporated, Rockville, Maryland, October 1984), p. 1.

[17] Campbellton Plaza Business Improvement Loan Fund District (Bulletin by the City of Atlanta, Georgia, May 1985), p. a.

offering similar services and commodities, increase their share of retail sales.[18] At present, there are twenty-eight commercial tenants in the plaza.[19] However, tenants have a history of not staying long in the plaza because they do not make enough sales, or they could not draw shoppers from a large community market area. Within the past five years, the plaza has lost several regional chain stores and has experienced difficulty in maintaining small businesses. The community has expressed a strong interest in seeing Campbellton Plaza upgraded.[20]

Campbellton Plaza was purchased in October 1984 by Investment Syndication, Incorporated of Rockville Maryland. In the latter part of 1984, the Southwest Economic Development Corporation requested and was granted space in the plaza by its owner to operate a neighborhood commercial revitalization project office.[21]

On March 13, 1985, the Southwest Economic Development Corporation entered into an agreement with the City of Atlanta, Department of Community Development, Bureau of Planning in an

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[18] Ibid.

[19] Analysis of Campbellton Plaza Merchants Survey (Survey designed by the City of Atlanta, Georgia, May 1985), p. 2.

[20] Ibid., p. 3.

[21] Campbellton Plaza Background Profile (Bulletin by Investment Syndication, Incorporated, Rockville, Maryland, October 1984), p. 2.

effort to provide technical assistance to the merchants and staffing for the project office for a twelve-month period beginning on March 29, 1985, to March 29, 1986.[22]

The project office is supervised by the Bureau of Planning and the Southwest Economic Develpment Corporation, and sponsored by both Investment Syndication, Incorporated and the Georgia State University Small Business Development Center. The primary goal of this activity is to foster the overall renovation of the plaza through the following: (1) increase the level of participation by plaza merchants in the Business Improvement Loan Fund program, (2) activate plaza merchants association and (3) provide coordination and follow-up to commercial revitalization activities in the plaza with public and private community agencies.[23]

According to an agreement of March 18, 1985, the project office is staffed by four interns who are compensated by the Georgia State University Small Business Development Center. The interns are required to manage the office Monday-Friday from 9:00 a.m. to 6:00 p.m.

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[22] Project Office Agreement between City of Atlanta and Southwest Economic Development Corporation (Bulletin by the City of Atlanta, Georgia, March 13, 1985), p. 5.

[23] Economic Development Planning and Technical Assistance (Bulletin by the City of Atlanta, Georgia), p. 2.

[24] Ibid.

Internship Experience.

The writer served as an intern in the project office which is located at the Campbellton Plaza from July 17, 1985 to October 15, 1985. The office was operated for a twelve-month period and supervised by the Bureau of Planning, City of Atlanta and the Southwest Economic Development Corporation. During the internship period, the writer was required to: (1) disseminate information on neighborhood commercial revitalization programs available to local merchants, (2) develop inventory report of existing businesses in the plaza by name, type and square feet, (3) develop inventory report of vacant space in the plaza by square feet, (4) conduct shoppers' survey on a quarterly basis and develop a final report based on the findings of the surveys, (5) develop and activate a framework to organize a business association for the plaza merchants and from this, develop a membership listing, (6) assist and coordinate loan packaging with Atlanta Economic Development Corporation for the Business Improvement Loan Program, (8) develop and circulate a newsletter to keep local merchants and the immediate community informed of plaza related activities.[25]

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[25]These activities were listed by the Bureau of Planning in an Outline of Jobs for Campbellton Plaza Project, Work Programe for Project Office, April 15, 1985.

Statement of the Problem.

During the intership period, the writer, through working with the small businesses and the city government at the Campbellton Plaza, observed and acknowledged that the Federal government, as well as state and local municipalities played important roles by giving assistance to small businesses in several ways.

In getting the needed assistance, the merchants in Campbellton Plaza are required to meet certain loan criteria, regulatory guidelines and deadlines. Attention is therefore, focused in this study on the impacts of the burdens of these requirements on the Campbellton Plaza merchants.

III. LITERATURE REVIEW

The essence of the American Economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this nation. Such security and well-being cannot be realized unless the actual and potential capacity of small businesses are encouraged and developed. It is the declared policy of the Congress that the government should aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise.

The earliest of a number of measures designed to bring business, specifically big business under public control was the Interstate Commerce Act of 1887.[26] The Sherman Antitrust Act of 1890 was the opening gun in the fight against monopoply.[27] According to Hurwitz and Shaw, the Sherman Act was

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[26]Howard L. Hurwitz and Frederick Shaw, "What Part is our Government Playing in Business," Economic in a Free Society (New York, New York: Oxford University Press, 1962), p. 336.

[27]Ibid.

an attempt to safeguard free competition for American business and for American society as a whole. The Sherman Act however, was far from completely successful in breaking up "trusts" or monopolies. In the first place, the law was vaguely worded. Lawyers for big business found loopholes which enabled them to "get around" the purpose of the statute. Second, the government did not aggressively prosecute corporations which appeared to be violating the Sherman Act. The Antitrust Division of the Department of Justice, which was in charge of enforcing the law, was not given enough funds to do a thorough job. More importantly, the courts whittled down the provisions of the Act. For example, in 1895, the government sued the "sugar trust", which had gained control of more than 98 percent of the sugar-refining industry. The Supreme Court dismissed the case on the grounds that sugar refining was no "trade" as defined by the law, but rather manufacturing. In 1911, the Supreme Court held that "restraint of trade" alone was not enough to violate the Sherman Act. The restraint had to be "unreasonable" before the law and its penalties came into effect.[28]

Responding to these loopholes, another law was needed to state definitely what practices and conditions would be considered illegal. In 1914, the congress therefore, passed the Clayton Antitrust Act.[29] According to Hurwitz and Shaw, the

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[28]Ibid.

[29]Ibid.

Clayton Act aimed to spell out the details, so that businessmen could know with greater certainty what acts would be considered "unreasonable restraint of trade" and therefore, against the public interest and illegal.[30]

Actually, it was not until the depression of the 1930s that small business problems took the spot light. During the depression years the plight of small business became a real problem to the survival of the individual enterprise, and since then public discussion of small business problems has remained in a persistent manner.[31]

As an amendment to the Clayton Act, the Robinson-Patman Act of 1936 prohibited price discrimination by manufacturers and wholesalers in dealing with other business firms.[32] This Act tried to prevent unreasonable discounts and other concessions to large purchasers merely because of superior size and bargaining power.[33]

Furthermore, the tendency of giant firms to overwhelm smaller firms led to legislations designed to give smaller firms countervailing advantages.[34] For example, the Federal Trade Commission (FTC) was set up by the congress to protect

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[30] Howard L. Hurwitz and Frederick Shaw, Economics in a Free Society, p. 341.

[31] Ibid.

[32] Norman Scarborough et al; "Potential Sources of Funds," Effective Small Business Management (Columbus, Ohio: Charles E. Merrill Publishing Company, 1984), p. 550.

[33] Ibid.

[34] Ibid.

businessmen, and the public generally against unfair and dishonest trade tactics, including those which result from monopoly or tend to lead to monopoly.[35] The FTC was actively interested in small business problems, and an impressive amount of evidence was taken by the Temporary National Economic Committee, created in 1938 by President Roosevelt, to investigate the concentration of economic power.[36]

The Reconstruction Finance Corporation (RFC) was the first formal government agency that was authorized by the Department of Commerce jointly with the Federal Reserve Banks to make loans to industrial and commercial businesses which were established before January 1, 1934, and which could not obtain loans from the banks. It was also stipulated that the borrower must be adequately secured and able to pay the debts. The maximum amount of the loan was limited to only $500,000 with five years maturity. The borrower could obtain these loans directly through RFC or with banks and other lending institutions. However, the total amount of the loans granted by the corporation could not exceed $300,000,000.[37]

The restrictive requirement for obtaining these loans had been changed in the latter time. The loans became available not only to industrial and commercial businesses but also to

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[35]Howard L. Hurwitz and Frederick Shaw, <u>Economics in a Free Society</u>, p. 342.

[36]Ibid.

[37]Ibid.

different kinds of businesses regardless of the date and year that the business was established. Even the amount and the maturity of loans were also removed.[38]

In the post war period, small businesses played an important role in the American economy and drew a lot of attention from the legislature. The Small War Plants Corporation Act of 1942 was one of the several acts and bills which were enacted to assist small businesses.[39]

According to the Smaller War Plants Corporation Act, the corporation was authorized to make loans directly or jointly with banks or other lending institutions to small concerns for war which were essential for civilian purposes. The applicants were required to show a reasonable responsibility for paying back the loans. However, this requirement was relatively less stringent when compared to the prior one. After World War II, the lending authority of the Smaller War Plants Corporation was transferred to the Reconstruction Finance Corporation.[40]

In 1951 when the Korean War began, the Small Defense Plants Administration, which was an independent agency under

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[38] U.S Small Business Administration, "Small Enterprise in the Economy in Small Business Tax Needs," Hearing Before the Select Committee on Small Business Senate, 94th Congressional 1st Session, 1975, p. 50.

[39] Ibid.

[40] Ibid.

the general supervision of the Presidency was established to assure the participation of smaller manufacturers in war production. However, on July 30, 1953, the Small Defense Plants Administration was replaced by the Small Business Administration.[41] Enacted on July 30, 1953, the Small Business Act (Public Law 163, 83rd Congress), was signed the same day by President Eisenhower. On the theory that small businesses are at a permanent disadvantage in raising capital, Congress created the SBA to succeed the Depression-era Reconstruction Finance Corporation, which had provided credit to businesses large and small. Yet since no one was certain what small business actually needed, the enabling statute was notably vague.[42] This administration was the first independent government agency created to serve and represent millions of American small businesses both in peace time and in periods of national emergency. Currently, one of the areas in which it helps small firms is to provide financial assistance to prospective, new and established small businesses.[43]

The Small Business Administration (SBA) is organized into three operational levels: The Central Office, which is located

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[41] U.S. Small Business Administration, Your Business and the SBA, (Georgia: Small Business Administration Office, Public Communication Division, February 1985), p. 2.

[42] Aimee L. Morner, "Junk Aid for Small Business," Fortune, Vol 96 (November 1977), p. 205.

[43] U.S. Small Business Administration, 1st Small Business Semi-Annual Report of the SBA (Washington, D.C.: Government Printing Office, January 31, 1954), p. 20.

in Washington, D.C., determines agency policy, works with the White House, other Executive Branch agencies and departments, and Congress to provide management and direction of SBA programs nationwide. SBA is headed by an administrator who is appointed by the President and confirmed by the Senate. The Central Office, while receptive to inquiries from the small business community and the public in general, does not make loans or offer assistance to specified companies or to individuals wanting to start a small business.

Regional offices, which are located in ten major cities around the country, are directed by a Regional Administrator, appointed by the SBA Administrator. Each region encompasses several states, and directs a number of district offices within the region. Regional offices do not make individual loans or offer specific assistance to individuals or companies.

District offices are located throughout the country. Each district office is staffed by a team of experts in the lending, procurement and assistance areas, who have the responsibility to consider loan applications, to offer individual management assistance, and to coordinate other small business services. District offices are the real contact point for small businesses needing information for assistance. Appointed by the Regional Administrator, a district director is in charge of these offices. A district director in each state acts as a major advocate for small business, and he/she is responsible for delivery of service to small business people in his/her area.[44]

The SBA has approximately 4,900 employees, working in the Washington, D.C. central office and in 110 offices across the country and in Puerto Rico and Guam. This includes ten Regional Offices, sixty-three District Offices, eighteen Branch Offices, and nineteen Post-of-Duty Stations. Every state has at least one SBA office (see Appendix B).[45]

SBA generally defines a small business as one that is independently owned and operated and is not dominated in its field.[46] SBA offers a variety of loan programs to eligible small businesses, and to be eligible for SBA funds, a business must be "small"; that is, it must be within the SBA's criteria for defining a small business. However, of the 14.2 million small businesses in the U.S., about 98 percent are small by SBA standards.[47]

SBA will consider making the loan if borrowing does appear to be necessary or advisable and if the small business have been unable to find a private source of capital. However, by law, the agency cannot consider a loan application unless there is evidence that the loan could not be obtained

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[44]Ibid., p. 11.

[45]U.S Small Business Administration, U.S. Government Manual (Washington, D.C.: Government Printing Office, October 1985), pp. 625-626.

[46]The State of Small Business: A Report of the President (Washington, D.C.: Government Printing Office, March 1984), p. 181.

[47]Ibid.

elsewhere on reasonable terms. This usually means that the business must have a letter from at least one bank (or two banks in cities with population over 200,000) indicating the firm's application for a loan was rejected and citing the reasons why the bank was unable to assist. Furthermore, if the bank is willing to lend part of the funds but not all of them, the SBA will consider either participating with the bank in a loan to the business or guaranteeing part of the loan made to the company or the bank.[48] After the firm qualifies for an SBA loan, the loan repayment process is the same as that for a commercial loan except the bank is guaranteed that 90 percent of its exposure on this loan is secured by the federal government. Previous empirical research indicates that the criteria that are used to select or reject a small business loan request in these banks are (1) collateral, (2) initial capitalization, (3) credit history (4) deposit relationship, (5) future deposits, (6) market area, (7) managerial experience, (8) proforma data/actual data, and (9) bank policy.[49]

In fact, the SBA offers three basic types of loans in administering its nineteen different programs and these are: (1) Direct loans are made by the SBA directly to the small

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[48] Richard M. Hodgetts, "Sources of Capital," Effective Small Business Management (New York, New York: Academy Press, Inc., 1982), p. 134.

[49] Nathaniel Jones, "Small Business Commercial Loan Selection Decision: An Empirical Evaluation," American Journal of Small Business, Vol. VI No. 4 (April/June 1982), p. 44.

business with public funds and no banks participation. Generally, a direct loan cannot exceed $150,000 (a lower ceiling, $100,000 applies to a direct Economic Opportunity loan). The interest rate charged on direct loans depends on the cost of money to the government, and it changes as general interest rates fluctuate. (2) Immediate participation loans are made from a pool of public funds and private loans. The SBA provides a portion of the total loan and a private lender supplies the remaining portion. The SBA's general policy is to fund no more than 75 percent of a participation loan, but there are exceptions. The SBA's portion may not exceed $150,000 (except that Economic Opportunity loans are limited to $100,000). The interest rate the SBA charges on its share of the loan is usually the same as that charged on direct loans. (3) Guaranteed loans are extended to the small business owners by a private lender but are guaranteed by the SBA for up to $500,000 or 90 percent of the bank loan, whichever is less. In other words, the SBA guarantees the bank this much repayment in case the borrower defaults. The participating bank determines the loan's terms and sets the interest rate within SBA limits. The SBA receives a one-time assessment from the bank of 1 percent of the loan amount for guaranteeing the loan and for "handling fees."[50] About 90

[50] Henry Wichmann, Jr., "Guidelines for Obtaining an SBA Business Loan," Journal of Small Business Management 7, No. 2 (April 1980), pp. 35-47.

percent of the SBA's financial assistance is in the form of loan guarantees.

Recently, more banks have become interested in the SBA's guaranteed loan program because they can increase their return on the investment to as much as 40 percent by selling the guaranteed portion of the loan in secondary money markets. The term of most guaranteed loans may be for as long as ten years. Working capital loans are usually limited to from six to seven years, but loans for construction or real estate can be extended for up to twenty years.[51]

The SBA provides its loans and loan guarantees to small businesses through nineteen different programs, but there are six prominent programs that generate much of its loans directly. These loans are: Regular Business Loans, Economic Opportunity Loans, Disaster Loans, Business Displacement Loans, Energy Loans, and Pilot Miniloans.[52]

The foundation of the SBA financial assistance program is the regular business loan or 7(a) loan. This program is authorized by Section 7(a) of the Small Business Act of 1953, as amended by public law 97-35. These loans, either direct or guaranteed, are made to small businesses for financing construction projects, purchasing equipment and machinery,

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[51] U.S. Small Business Administration, Office of Management Assistance, Managing a Service Business, Small Business Management Training Instructors, Guide Publishing (1985), p. 7010.

[52] Norman M. Scarborough et al., "Potential Sources of Funds," Effective Small Business Management (Columbus, Ohio: Charles E. Merrill Publishing Company, 1984), p. 287.

buying inventory, or acquiring working capital. The ceiling on 7(a) direct loans is $150,000, while the SBA may guarantee 7(a) loans for up to $500,000 or 90 percent of the bank loan, whichever is less. The borrower is required to supply a reasonable amount of the project's cost before receiving a 7(a) loan and must provide adequate collateral. Working capital loans mature in seven years, while maturity dates on fixed asset loans are ten years, on construction loans, twenty years.

In Fiscal Year 1984, 18,368 loans for about a total of $2.6 billion were made under this program. These figures represent about 86 percent of all loans made by the agency and about 87 percent of all loans volume. About 92 percent of the loans and 96 percent of the dollars were approved under the guarantee programs.[53]

Economic Opportunity (EO) loans are aimed primarily at providing funds to economically disadvantaged persons who may not be able to supply a substantial portion of the required capital. A prospective entrepreneur with as little as 20 percent of his/her capital needs can still qualify for an EO loan and guarantees are limited to $100,000, and these working capital loans can extend for up to ten years. Although EO loans tend to be high-risk loans, recipients are required to

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[53]U.S. Small Business Administration, Annual Report in Financial Investment, Vol 1 (Washington, D.C.: Government Printing Office, September 1984), p. 24.

supply only small amounts of collateral.[54]

The Disaster Loan Recover Program is designed to help rebuild small businesses that have been damaged physically and economically by a natural disaster. To be eligible for a loan, a small business must be located in a section that has been declared a disaster area by the President, the Secretary of Agriculture, or the administrator of the SBA. Disaster loans are direct loans with no ceiling, and they carry considerably lower interest rates than either bank or SBA loans. Maturities may be for as long as thirty years with a repayment schedule beginning five months after the loan is made. To the small business owner whose source of livelihood has been destroyed by a tornado, flood, or some other natural occurrence, an SBA disaster loan may be the only possibility for reestablishing the business.[55] There were 14,128 disaster loans which were worth $314.2 million approved by SBA during Fiscal Year 1984.[56]

Business Displacement Loans assist those small firms whose business suffers substantially as a result of federally-funded urban renewal or highway construction programs, other federal programs, or U.S. trade agreements. For example, a

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[54]U.S. Small Business Administration, Your Business and the SBA (Atlanta: Small Business Administration Office, Public Communication Division, 1985), p. 3.

[55]Ibid.

[56]U.S. Small Business Administration, Annual Report in Financial Investment, Vol 1 (Washington, D.C.: Government Printing Office, September 1984), p. 28.

small retailer who is forced to relocate because a new federal highway project routed traffic away from his store may be able to obtain a business displacement loan. The terms of these loans are virtually identical to those of the disaster loan program.

The SBA's energy loan program is available to small businesses that create, design, manufacture, market, install, or service solar energy devices and other energy conservation equipment that "demonstrably conserves energy efficiently." To qualify for an energy loan, the borrower must supply the SBA with a report outlining the projected and actual energy savings and the number of jobs created by the firm. Direct loans have a ceiling of $350,000, while loans can be guaranteed for up to $500,000 or 90 percent of the bank loans whichever is less. Payment terms may extend for fifteen years on a fixed-asset and construction financing and for ten years for working capital financing.

The number of energy loans in Fiscal Year 1984 continued to decline. Twelve loans were approved for about $2 million, whereas in Fiscal Year 1983, twenty-five loans were approved for about $4 million. This reflects a reduced public interest on alternative energy sources and other energy matters in general.[57]

A more recent addition to the SBA's loan program is the pilot miniloan program, which is specifically designed to

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[57] Ibid., p. 24.

facilitate the creation and operation of small businesses by women. Both direct loans and loan guarantees are limited to $20,000. Maturities are for up to seven years on working capital loans and up to ten years on fixed asset loans. For qualified women who might not otherwise be able to capitalize a small business venture, loans administered under this program may be a major step toward entrepreneurship.[58]

According to the SBA's definition of small business, millions of small businesses are eligible for SBA funds. Also, some types of businesses are ineligible for SBA loans. The SBA will not make a loan if:

> The loan is to (a) pay off a loan to a creditor or creditors of the applicant who is inadequately secured and in a position to sustain loss, (b) provide fund for distribution or payment of the principal of the applicant, or (c) replenish funds previously used for other purposes.
>
> The loan allows speculation in any kind of property.
>
> The applicant is a nonprofit enterprise.
>
> The applicant is a newspaper, magazine, book publishing company or similar enterprise, excepting radio, cable, or TV broadcasting companies.
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> Any gross income of the applicant (or of its principal owners) is derived from gambling activities, except for small firms which obtain less than one-third of their income from the sale of state lottery tickets under a state license, or from gambling activities in those states where such activities are legal within the state.
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> The loan finances real property that is to be

[58] Ibid., p. 50.

held for investment.[59]

Cole and Tegeler are of the opinion that the growth of governmental regulations and requirements has reached a point that it imposes a real hardship on the small firms. To some extent, the problems arise from seemingly inevitable "red tape" and bureaucratic procedures governing government assistance. Furthermore, the fact that many small business owners/managers must be involved in government reporting, recordkeeping, and information-gathering appears to create certain competitive disadvantages for smaller businesses.[60]

In 1980, the legislation established the Office of the Chief Counsel for Advocacy within SBA with powers to represent the interests of the small business community to government.[61] Among the primary functions were the powers to (1) assess the effectiveness of existing federal subsidy and assistance programs and increasing the emphasis on general assistance programs designed to benefit all small business; (2) measure the direct costs and other effects of government regulation on small businesses, and make legislative and non-legislative proposals for eliminating excessive or unnecessary regulations

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[59]U.S. Small Business Administration, SBA Business Loans (Washington, D.C., 1980), pp, 7-8.

[60]R. J. Cole and P. B. Tegeler, "The Impact of Government Requirements on Small Business in Washington State, I: Conclusions and Policy Recommendation" (Seattle: Battelle Human Affairs Research Center, 1978), p. 200.

[61]U.S. Small Business Administration, Government Paperwork and Small Business: Problems and Solutions (Washington, D.C.: Office of Chief Counsel for Advocacy, December 1979), p. 94.

of small businesses.

Today, an expanding number of banks take part in what SBA calls its Certified Lending Program. Under this program, banks acting under SBA supervision handle much of the necessary paper work and review client financial status thereby speeding up loan processing and freeing agency personnel for other assistance to small businesses.[62] Early in 1983, SBA began a pilot "Preferred Lenders Program," under which selected banks handle all loan paper work and loan processing. This program is in line with the agency's overall efforts to obtain greater private-sector involvement in SBA activities. The program significantly trims loan paper work and loan processing time.[63]

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[62] U.S. Small Business Administration, Office of Management Assistance, Managing a Service Business, Small Business Management Training Instructors Guide Publishing, (1985), p. 7010.

[63] Ibid.

IV. METHODOLOGY

This study is a product of the writer's internship with the project office located at the Campbellton Plaza. The Office was supervised by the Bureau of Planning, City of Atlanta and the Southwest Economic Development Corporation. As an intern, the writer was required to work with the merchants in Campbellton Plaza in an effort to revitalize business activities in the plaza. The methodology used is descriptive analysis in that the role of SBA and government regulations are described and used as the basis for discussion. Primary and Secondary data were utilized in discussing and analysing the impact of the burdens of the governmental regulations and requirements on small businesses.

Primary Data Sources.

The data collection techniques employed in this research are on-site observation and survey - face to face interviews with the merchants to gather first hand information.

Field observation was achieved by working on a one-to-one basis with the merchants. The writer was able to observe the existing situation at the Campbellton Plaza and attitudes of the merchants. The writer was also able to develop a deeper and fuller understanding of the problems faced by the merchants. According to Earl R. Babbie, field observation differs from other modes of observation in that in addition to being a data collection activity, it can also be a theory generating activity.[64] The method of on-site observation is particularly appropriate in understanding situations or problems in their natural setting.

Another primary technique which was utilized by the writer in data collection was face-to-face interviews with the merchants. To gather first hand information, a questionnaire (see Appendix C) was designed to determine the response of the merchants to the Business Improvement Loan Fund (BILF) requirements.

The writer asked the questions orally and recorded the merchants responses because more accurate answers can be obtained this way as the writer could explain any confusing questions. This method was particularly important to the writer because 10 percent of the plaza merchants are Orientals, who could speak only limited English. The survey was aimed at a 100 percent participation but some of the merchants were unavailable during the two-week period that the survey was conducted. However, the 75 percent participation rate which was obtained was sufficient.

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[64] Earl R. Babbie, "Research Methods and Analysis," The Practice of Social Research (Belmont, Minnesota: Wadsworth Publishing Company, 1979), p. 205.

Secondary Data Source.

The secondary sources were used to amplify and clarify information obtained from primary sources. These sources included books, journals, and government documents. The writer also reviewed articles by the Small Business Administration and the Bureau of Planning on the Campbellton Plaza.

V. ANALYSIS OF THE PROBLEM

The type of government assistance available to the Campbellton Plaza merchants is the Business Improvement Loan Fund. The loan is jointly sponsored by the City of Atlanta, the Atlanta Economic Development Corporation and the Citizens and Southern National Bank. The Atlanta Economic Development Corporation which administers the loan program identified Campbellton Plaza as one of the target business improvement districts in the City of Atlanta.

The Business Improvement Loan Fund Program provides loans, loan participations and interest subsidies to eligible small business in the targeted business improvement districts. The loan is designed to encourage and put new strengths and power into targeted business districts in southwest Atlanta. In addition, it should also support commercial and industrial development in other eligible areas.

There are basically three forms of financial assistance which are available to the merchants through the Business Improvement Loan Fund which can only be used for property improvement. They are:

1. Interest Subsidies: The city may provide an interest subsidy in targeted business improvement districts as stated in the Business Improvement Loan Forms. The interest subsidy

is intended to reduce the monthly payment on a market-rate loan to the amount which would be required if the interest rate had been seven percent a year. However, the maximum interest subsidy which can be given per loan is $5,000.00. There are two types of loan subsidy which can be given; these are: (i) grant, (ii) principal loan.

In the case of the grant, the small businesses are given an amount up to the tune of $4,000.00 to subsidize a $10,000 loan from the bank. This amount does not have to be repaid, it is given as aid to small business. However, the small business has to be able to get a loan from the bank before they can obtain the grant. The principal loan has to be repaid.

2. Direct Loans: The city may provide direct loan for an eligible small business which is located in the targeted business improvement districts. However, the applicant has to be able to prove that he/she is unable to obtain a market-rate loan to finance his/her business. The interest rate on this loan will be at least 7 percent a year and the loan must be repaid on a monthly basis. The maximum time in which a small business can take to repay this loan is a seven year period and the maximum amount of loan which can be given in the direct loan is $20,000.

3. Loan Participations: This type of loan is usually made to assist small businesses in meeting local injection requirements for small business administration loans. The

city may participate in loans usually as high as $50,000.00 or higher. This amount however, must not exceed 10 percent of the total financing for a project. The interest rate of this loan is at least 7 percent a year. The maximum period for the repayment of this loan is 25 years.

According to eighty percent of the merchants, the Business Improvement Loan (BILF) form (see Table 1) is too complicated to be understood by a small business person - it requires too much information, some of which can only be provided with the help of professionals.[65] The following must be submitted along with the BILF applications:

1. Business financial statement which include the following: (a) interim report not less than 90 days old, (b) income statement and balance sheet for the last two fiscal years, (Table 2).
2. Brief project description and amount of requested loan and use of proceeds.
3. Project cost estimates - cost of property improvements and cost of equipment.
4. Financial projections - income statements for two fiscal years, (Table 3) and monthly cash flow statement for that fiscal year, (Table 4).
5. Personal financial statements (this information should state if the business is closely held

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[65] Interview with merchants, Campbellton Plaza, Atlanta, Georgia, 5 July 1985.

TABLE 1

CITY OF ATLANTA
BUSINESS IMPROVEMENT LOAN PROGRAM
APPLICATION FORM

NAME OF APPLICANT(S)	______________________
ADDRESS	______________________
TELEPHONE NO.	______________________
SOCIAL SECURITY NO. (For Each Principal)	______________________
DATE OF BIRTH (For Each Principal)	______________________
NAME OF BUSINESS (If Different from Applicant)	______________________
ADDRESS	______________________
TELEPHONE NO.	______________________
BUSINESS FORM:	CORPORATION_______ PARTNERSHIP_______ SOLE-PROPRIETOR_______
PRINCIPALS (Officers, Partners, Etc.)	______________________
TYPE OF BUSINESS	______________________
PRODUCT/SERVICE	______________________
YEARS IN BUSINESS	______________________
NUMBER OF EMPLOYEES	PRESENT:____ JOBS TO BE RETAINED:____ JOBS TO BE CREATED:_____
ANNUAL SALES (Last Fiscal Year)	______________________
PROPOSED USE OF FINANCING	______________________
PROPOSED COLLATERAL	______________________
OTHER FINANCING SOURCES (Include Term, Rate, and Contact Person for Each Source)	______________________ ______________________

SIGNED____________________

DATE____________________

SOURCE: Atlanta Economic Development Corporation, Guidelines to the Business Improvement Loan Program (Atlanta, Georgia, 12 May 1985).

TABLE 2

PERSONAL FINANCIAL STATEMENT FORM

PERSONAL FINANCIAL STATEMENT As of ____________________, 19 ___.	Return to: Small Business Administration	For SBA Use Only SBA Loan No.

Name and Address Including ZIP Code *(of person and spouse submitting Statement)* SOCIAL SECURITY NO. ____________________ Business *(of person submitting Statement)*	This statement is submitted in connection with S. B. A. loan requested or granted to the individual or firm, whose name appears below: Name and Address of Applicant or Borrower, Including ZIP Code

Please answer all questions using "No" or "None" where necessary

ASSETS		LIABILITIES	
Cash on Hand & In Banks	$	Accounts Payable	$
Savings Account in Banks		Notes Payable to Banks	
U. S. Government Bonds		*(Describe below - Section 2)*	
Accounts & Notes Receivable		Notes Payable to Others	
Life Insurance Cash Surrender Value Only		*(Describe below - Section 2)*	
Other Stocks and Bonds		Installment Account (Auto)	
(Describe - reverse side - Section 3)		Monthly Payments $ ______	
Real Estate		Installment Accounts (Other)	
(Describe - reverse side - Section 4)		Monthly Payments $ ______	
Automobile - Present Value		Loans on Life Insurance	
Other Personal Property		Mortgages on Real Estate	
(Describe - reverse side - Section 5)		*(Describe - reverse side - Section 4)*	
Other Assets		Unpaid Taxes	
(Describe - reverse side - Section 6)		*(Describe - reverse side - Section 7)*	
		Other Liabilities	
		(Describe - reverse side - Section 8)	
		Total Liabilities	
		Net Worth	
Total	$	Total	$

Section 1. Source of Income *(Describe below all items listed in this Section)*		CONTINGENT LIABILITIES	
Salary	$	As Endorser or Co-Maker	$
Net Investment Income		Legal Claims and Judgments	
Real Estate Income		Provision for Federal Income Tax	
Other Income (Describe)		Other Special Debt	

Description of items listed in Section I ____________________

Life Insurance Held *(Give face amount of policies - name of company and beneficiaries)* ____________________

SUPPLEMENTARY SCHEDULES

Section 2. Notes Payable to Banks and Others

Name and Address of Holder of Note	Amount of Loan		Terms of Repayments	Maturity of Loan	How Endorsed, Guaranteed, or Secured
	Original Bal.	Present Bal.			
	$	$	$		

SBA FORM 413 [illegible] REF: [illegible] EDITION OF [illegible] MAY BE USED UNTIL STOCK IS EXHAUSTED (OVER)

TABLE 2-Continued.

Section 3 Other Stocks and Bonds: Give listed and unlisted Stocks and Bonds (Use separate sheet if necessary)

No. of Shares	Names of Securities	Cost	Market Value Quotation	Statement Date Amount

Section 4 Real Estate Owned (List each parcel separately. Use supplemental sheets if necessary. Each sheet must be identified as a supplement to this statement and signed) (Also advises whether property is covered by title insurance, abstract of title, or both)

Title is in name of	Type of property
Address of property (City and State)	Original Cost to (me) (us) $ ______ Date Purchased ______ Present Market Value $ ______ Tax Assessment Value $ ______
Name and Address of Holder of Mortgage (City and State)	Date of Mortgage ______ Original Amount $ ______ Balance $ ______ Maturity ______ Terms of Payment ______

Status of Mortgage, i.e., current or delinquent. If delinquent describe delinquencies

Section 5 Other Personal Property (Describe and if any is mortgaged, state name and address of mortgage holder and amount of mortgage terms of payment and if delinquent, describe delinquency.)

Section 6 Other Assets. (Describe)

Section 7 Unpaid Taxes (Describe in detail as to type, to whom payable, when due, amount, and what, if any, property a tax lien, if any, attaches)

Section 8 Other Liabilities. (Describe in detail)

(I) or (We) certify the above and the statements contained in the schedules herein is a true and accurate statement of (my) or (our) financial condition as of the date stated herein. This statement is given for the purpose of: (Check one of the following)

☐ Inducing S.B.A. to grant a loan as requested in application, of the individual or firm whose name appears herein, in connection with which this statement is submitted

☐ Furnishing a statement of (my) or (our) financial condition, pursuant to the terms of the guaranty executed by (me) or (us) at the time S.B.A. granted a loan to the individual or firm, whose name appears herein.

______ Signature ______ Signature ______ Date

SOURCE: Atlanta Economic Development Corporation, Guidelines to the Business Improvement Loan Program (Atlanta, Georgia, 12 May 1985).

TABLE 3

ESTIMATED PROJECTION AND FORECAST OF TWO YEAR'S EARNINGS

APPLICANT'S NAME ____________________

	FIRST YEAR PROJECTIONS		SECOND YEAR PROJECTION	
	Dollar Estimates (See Note Below)	% of Gross Receipts	Dollar Estimates (See Note Below)	% of Gross Receipts
Gross Receipts	$	100%	$	100%
Merchandise Cost	$		$	
GROSS PROFIT	$		$	
EXPENSES:				
Officer's Salaries (only if Corp.)	$		$	
Employee's Wages	$		$	
Accounting and Legal Fees	$		$	
Advertising	$		$	
Rent	$		$	
Depreciation	$		$	
Supplies	$		$	
Electricity	$		$	
Telephone	$		$	
Interest	$		$	
Repairs	$		$	
Taxes	$		$	
Insurance	$		$	
Bad Debts	$		$	
Miscellaneous (Postage, etc.)	$		$	
(If Mis. Expense is large, please itemize)				
Other (Explain)	$		$	
	$		$	
	$		$	
TOTAL EXPENSES	$		$	
NET PROFIT BEFORE TAXES	$		$	
LESS: INCOME TAXES	$		$	
NET PROFIT AFTER TAXES	$		$	
LESS: Withdrawals (only if Proprietorship or Partnership)	$		$	
NET PROFIT REMAINING FOR PAYMENTS ON LOAN	$		$	

NOTE: Attach narrative explaining basis for figures showing receipts, expenses and profits.

I certify the foregoing data fairly represents the potential annual earnings to the best of my knowledge.

Signature	Title	Date

SOURCE: Atlanta Economic Development Corporation, Guidelines to the Business Improvement Loan Program (Atlanta, Georgia, 12 May 1985).

TABLE 4

MONTHLY CASH FLOW PROJECTION

INSTRUCTIONS ON REVERSE SIDE

Form Approved
OMB No. 3245-0019

NAME OF BUSINESS	ADDRESS	OWNER	TYPE OF BUSINESS	PREPARED BY	DATE

	Pre Start-up Position		1		2		3		4		5		6		7		8		9		10		11		12		TOTAL Columns 1–12		
YEAR MONTH																													
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	
1. CASH ON HAND (Beginning of month)																													1.
2. CASH RECEIPTS (a) Cash Sales																													2. (a)
(b) Collections from Credit Accounts																													(b)
(c) Loan or Other Cash injection (Specify)																													(c)
3. TOTAL CASH RECEIPTS (2a+2b+2c=3)																													3.
4. TOTAL CASH AVAILABLE (Before cash out) (1+3)																													4.
5. CASH PAID OUT (a) Purchases (Merchandise)																													5. (a)
(b) Gross Wages (Excludes withdrawals)																													(b)
(c) Payroll Expenses (Taxes, etc.)																													(c)
(d) Outside Services																													(d)
(e) Supplies (Office and operating)																													(e)
(f) Repairs and Maintenance																													(f)
(g) Advertising																													(g)
(h) Car, Delivery, and Travel																													(h)
(i) Accounting and Legal																													(i)
(j) Rent																													(j)
(k) Telephone																													(k)
(l) Utilities																													(l)
(m) Insurance																													(m)
(n) Taxes (Real estate, etc.)																													(n)
(o) Interest																													(o)
(p) Other Expenses (Specify each)																													(p)
(q) Miscellaneous (Unspecified)																													(q)
(r) Subtotal																													(r)
(s) Loan Principal Payment																													(s)
(t) Capital Purchases (Specify)																													(t)
(u) Other Start-up Costs																													(u)
(v) Reserve and/or Escrow (Specify)																													(v)
(w) Owner's Withdrawal																													(w)
6. TOTAL CASH PAID OUT (Total 5a thru 5w)																													6.
7. CASH POSITION (End of month) (4 minus 6)																													7.
ESSENTIAL OPERATING DATA (Non-cash flow information) A. Sales Volume (Dollars)																													A.
B. Accounts Receivable (End of month)																													B.
C. Bad Debt (End of month)																													C.
D. Inventory on Hand (End of month)																													D.
E. Accounts Payable (End of month)																													E.
F. Depreciation																													F.

SBA FORM 1100 (1-83) REF: SOP 60 10 Previous Editions Are Obsolete

SOURCE: Atlanta Economic Development Corporation, <u>Guidelines to the Business Improvement Loan Program</u> (Atlanta, 12 May 1985).

or if a personal guarantee will be required).

6. Bank decline letter. This is applicable to applicants applying for interest subsidy and loan participation.[66]

In the event that the small business completes and returns the application, the project for which the loan was applied will undergo the following processes (i) evaluation by the staff of Atlanta Economic Development, (ii) a review by BILF loan committee, (iii) approval or disapproval of application, (iv) loan closing for approved loans.[67] As previously stated, eighty percent of the merchants asserted that they did not understand this process. It is not only cumbersome, but of little assistance to these merchants at the Plaza since these loans are only ear-marked for property improvement. The merchants responses as indicated in the survey underscored a great need or some need for obtaining capital without having to go through the difficulty of having to fill out all these forms and to satisfy all the criteria setup by the BILF. The general complaints were:

1. Governement does not explain its programs or requirements in plain language. Business persons must either spend precious time understanding what government wants, or must hire expensive professionals to help. The confusion resulting from poor communications can result in errors

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[66]Atlanta Economic Development Corporation, Guidelines to the Business Improvement Loan Program (Atlanta, Georgia, 12 May 1985).

[67]Ibid.

which are costly to correct.

2. The reporting requirements designed by government are sometimes ill-conceived with little consideration for those who must comply. Alternatives for collecting information which would cut burdens on the public are not always considered more important, small firms feel that requirements are designed for big businesses which have the expertise and resources to handle them.

3. Forms, often the only contact a small firm may have with its government, are poorly explained, badly designed, burdensome, and create confusion and feelings of mistrust. There are few places the merchants could go for help in completing these forms. Where help is available, some government employees are just as confused about the forms as the merchants.[68]

The fact that these merchants must be involved in government reporting, recordkeeping, and information-gathering appears to create certain competitive disadvantages for them.

The merchants expressed the feelings that their credit history, managerial experience, the initial capitalization and the business plan (proforma data) or actual business history (actual data), as could be deduced from Tables 1-4, have to be the determining factors in getting any assistance. This means that very few of them could qualify for any assistance.

Another form of direct cost of BILF requirements are civil or criminal penalties paid by those merchants who attempted to avoid certain regulations. Those who attempted to comply with the regulations but were unable to do so

[68]Interview with merchants, Campbellton Plaza, Atlanta, Georgia, 5 July 1985.

because of a lack of information on the requirements also paid this cost. These legal actions and resultant penalties tend to fall heavily on the merchants who do not have a large legal staff equipped to fight the imposition of regulatory sanctions.

Furthermore, the Campbellton Plaza is experiencing the loss of new entrants because the cost of regulations makes the expense of starting a new business seem too high; that is, the cost of regulation reduces the expected return on a new venture and consequently keeps the entrepreneur or venture capitalist from starting a new business by the total direct and indirect costs which reduce the expected return on capital to the point of forcing the firm to close its doors or sell out.

A significant indirect cost expressed by the merchants is the psychological burden that government requirements impose on them. This psychological burden of compliance has its greatest impact on the motivation and resources of the merchants. The perceived bureaucratization of the merchants' role, or simply a feeling of 'wasting time' on what the merchant perceives to be non-productive activities, feelings of frustration, fear, hostility showed that an hour of government required time could be as draining as several hours of standard business activities.

VI. CONCLUSION/RECOMMENDATIONS

Conclusion.

Small businesses play an important part in the U.S. economy. These businesses generate a lot of jobs for many Americans and contribute towards the economic vitality and survival of many communities.

The government, Federal as well as state and local municipalities, have been aware of both the importance and vulnerability of small businesses, and have taken a variety of steps to assist and strengthen small businesses. In an effort to assist and promote economic activities of the Campbellton Plaza, the Southwest Economic Development Corporation with the City of Atlanta and Small Business Development Center provide loans, loan participations and interest subsidies to eligible merchants in the Campbellton Plaza.

The study shows that the business Improvement Loan form is too complicated to be understood by many merchants. It requires too much information, some of which can only be provided with the help of professionals. Moreover, the merchants have to be involved in government reporting, recordkeeping and information gathering. Other costs of compliance with government requirements are the loss of new entrants into the business, civil and criminal penalties and psychological burdens.

Recommendations.

The results of the study provide support for the following suggestions:

1. Firms with under 50 employees should be treated differently in requirements programs.

2. Proposals for new requirements or proposals for revisions of existing requirements should take into account the additional cost for small businesses in analyzing the net social benefits of the requirements.

3. The most important law to emerge from the Small Business Administration conference was the Regulatory Flexibility Act of 1980. According to this law, federal agencies must assess the impact of proposed regulations on small business. They are required to reduce paper work requirements and to exempt small firms or simplify rules where it is possible. Another law recongnizing the regulatory plight of small firms is the Equal Access to Justice Act of 1980. This law requires the federal government to reimburse court costs for small firms that win cases against regulatory agencies. These Acts if fully implemented could give the small business the necessary relief.

4. The merchants could collectively and individually fight against excessive regulations in many ways.

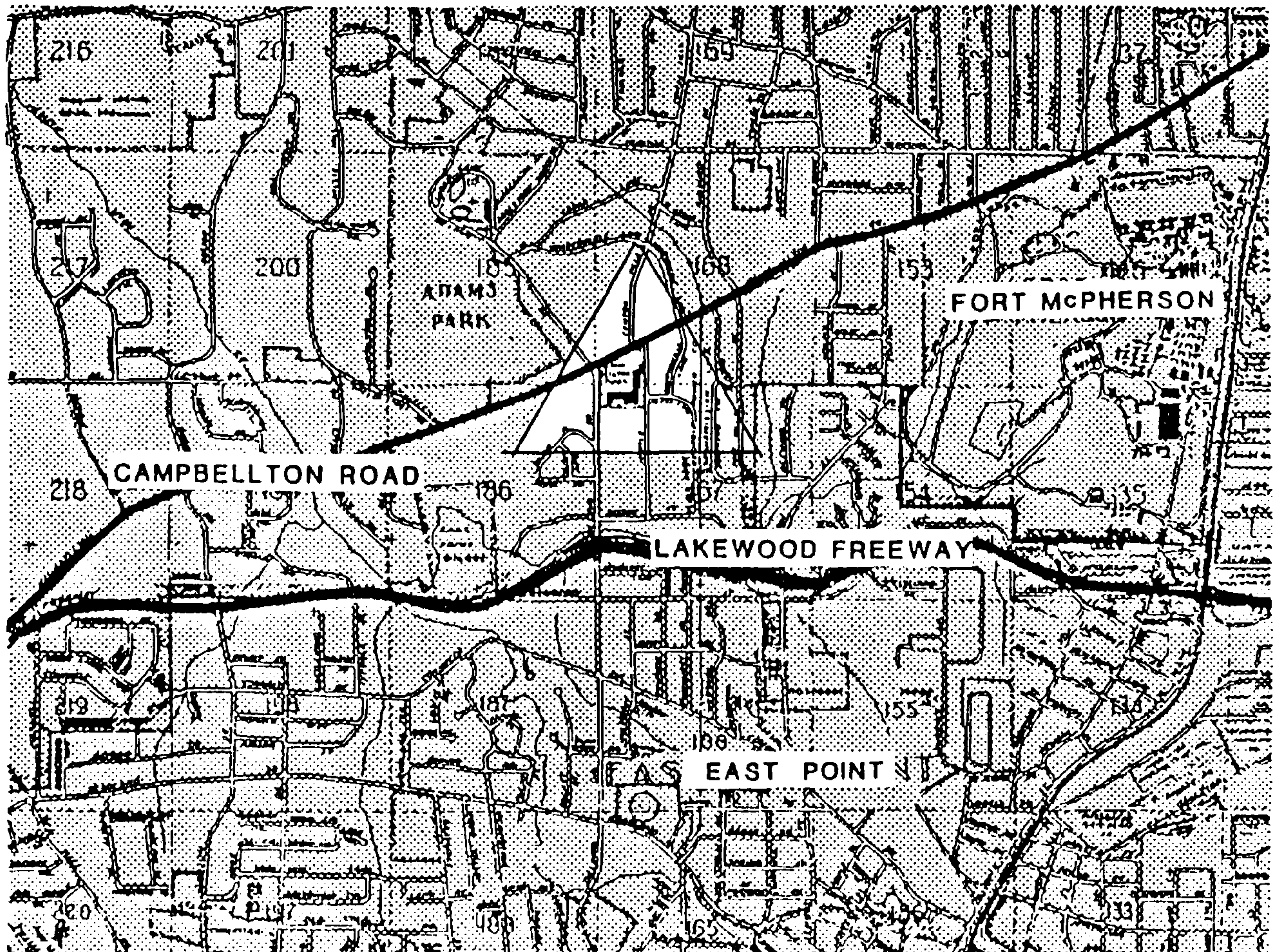
   (a) to regard participation in the political process not only as a civic responsibility but business necessity.

   (b) To form a trade association and go on record that they do not oppose all regulations except those which are excessive or extraneous. Some of the direct costs to smaller firms can be minimized by shifting the information burden to trade associations or other types of service organizations. In such a case, the direct cost changes to and indirect cost.

(c) To be more responsive to consumers and try to know the customers and be able to enlist satisfied customers.

APPENDIX A

MAP OF CAMPBELLTON PLAZA



CAMPBELLTON PLAZA

NORTH

APPENDIX B

FIELD OFFICES-SMALL BUSINESS ADMINISTRATION

Field Offices—Small Business Administration

(RA: Regional Administrator; DD: District Director; BM: Branch Manager; OC: Officer in Charge)

	Region	Officer in Charge	Address/Telephone
I	Boston, MA 02110	J.H. Angevine (RA)	60 Batterymarch, 617-223-6660
	Boston, MA 02114	J.J. McNally, Jr. (DD)	150 Causeway St., 617-223-4074
	Hartford, CT 06106	J.P. Burke (DD)	1 Hartford Sq. W., 203-722-2511
	Providence, RI 02903	J.A. Hague (DD)	380 Westminster Mall, 401-528-4580
	Augusta, ME 04330	T.A. McGillicuddy (DD)	40 Western Ave., 207-622-8378
	Concord, NH 03301	W. Phillips (DD)	55 Pleasant St., 603-224-4724
	Montpelier, VT 05602	D.C. Emery (DD)	87 State St., 802-832-4422
	Springfield, MA 01103	M. Record (OC)	1550 Main St., 413-785-9268
II	New York, NY 10278	P.P. Neglia (RA)	26 Federal Plaza, 212-264-1450
		B.X. Haggerty (DD)	26 Federal Plaza, 121-264-1318
	Syracuse, NY 13260	J.W. Harrison (DD)	100 S. Clinton St., 315-423-5371
	Buffalo, NY 14202	F.J. Sciortino (BM)	111 W. Huron St., 716-846-4305
	Camden, NJ 08104	J. Fernicola (OC)	1800 E. Davis St., 609-757-5183
	Elmira, NY 14901	J.J. Cristofaro (BM)	333 E. Water St., 607-733-6610
	Melville, NY 11747	W. Leavitt (BM)	35 Pinelaw Rd., 516-454-0764
	Rochester, NY 14614	P. Flihan (OC)	100 State St., 716-263-6700
	St. Thomas, VI 00801	L. Baptiste (OC)	Federal Office Bldg., Veterans Dr., 809-774-8530
	Hato Key, PR 00919	W.-B. Robles (DD)	Federal Bldg., Carlos Chardon Ave., 809-753-4003
	St. Croix, VI 00820	C. Christensen (OC)	4A LaGrande Princesse Chrostoemsted, 809-733-3480
III	Bala Cynwyd, PA 19004	R.T. Lhulier (RA)	231 St. Asaphs Rd., 215-596-5901
		W.T. Gennetti (DD)	31 St. Asaphs Rd., 215-596-5801
	Charleston, WV 25301	E.G. Zimmerman (BM)	Charleston National Plaza, 304-347-5220
	Harrisburg, PA 17101	K.J. Olson (BM)	100 Chestnut St., 717-782-3846
	Wilkes-Barre, PA 18702	J. Sokolowski (BM)	20 N. Pennsylvania Ave., 717-826-6446
	Wilmington, DE 19801	J.J. Giannini (BM)	844 King St., 302-573-6294
	Richmond, VA 23240	C.S. Marschall (DD)	400 N. 8th St., 804-771-2741
	Washington, DC 20036	J.E. Wolfe (DD)	1111 18th St. NW., 202-634-1805
	Pittsburgh, PA	J.M. Kopp (DD)	960 Penn Ave., 412-722-4306
	Towson, MD 21204	J.A. Feldman (DD)	8600 LaSalle Rd., 301-962-2054
	Clarksburg, WV 26301	M.P. Shelton (DD)	168 W. Main St., 304-623-3706
	Newark, NJ 07102	A.P. Lynch (DD)	60 Park Pl., 201-645-3580
IV	Atlanta, GA 30367	M.A. Widemire (RA)	1375 Peachtree St. NE., 404-881-4999
	Atlanta, GA 30309	C.B. Barnes (DD)	1720 Peachtree Rd. NW., 404-881-4749
	Birmingham, AL 35256	J.C. Barksdale (DD)	908 S. 20th St., 205-254-1341
	Charlotte, NC 28202	G.A. Keel (DD)	230 S. Tryon St., 704-371-6561
	Columbia, SC 29201	J.C. Patrick, Jr. (DD)	1835 Assembly St., 803-765-5373
	Jackson, MS 39269	J.K. Spradling (DD)	100 W. Capitol St., 601-960-4363
	Jacksonville, FL 32202	D.E. McAllister (DD)	400 W. Bay St., 904-791-3103
	Louisville, KY 40202	B.R. Wells (DD)	600 Federal Pl., 502-582-5971
	Coral Gables, FL 33134	J.L. Carey (DD)	222 Ponce de Leon Blvd., 305-350-5533
	Nashville, TN 37219	R.M. Hartman (DD)	404 James Robertson Pkwy., 615-251-5850
	Biloxi, MS 39530	C.A. Gillis (BM)	111 Fred Haise Blvd., 601-435-3676
	Statesboro, GA 30458	C. Henderson (OC)	52 N. Main St., 912-489-8719
	Tampa, FL 33602	E. Moore (OC)	700 Twiggs St., 813-228-2594
	West Palm Beach, FL 33407	R. Cosper (OC)	3500 45th St., 305-689-2223
V	Chicago, IL 60604	R.D. Durkin (RA)	230 S. Dearborn St., 312-353-0357
		J.L. Smith (DD)	219 S. Dearborn St., 312-353-4508
	Cincinnati, OH 45202	C.G. Boatright (BM)	550 Main St., 513-684-2814
	Cleveland, OH 44199	C. Hemming, Jr. (DD)	1240 E. 9th St., 216-522-4182
	Columbus, OH 43215	F.D. Ray (DD)	85 Marconi Blvd., 614-469-7310
	Detroit, MI 48226	R.L. Harshman (DD)	477 Michigan Ave., 313-226-6075
	Eau Claire, WI 54701	T. Jernigan (OC)	500 S. Barstow St., 715-834-9012
	Indianapolis, IN 46204-1584	R.D. General (OC)	575 N. Pennsylvania St., 315-269-7272
	Marquette, MI 49885	P. Jacobson (OC)	220 W. Washington St., 906-225-1108
	Madison, WI 53703	C. Charter (DD)	212 E. Washington Ave., 608-264-5205
	Milwaukee, WI 53203	R.C. Miller (BM)	310 W. Wisconsin Ave., 414-291-1488
	Minneapolis, MN 55403	C.C. Moreno (DD)	100 N. 6th St., 612-349-3530
	Springfield, IL 62701	J.N. Thomson (BM)	4 N. Old State Capitol Plaza, 217-492-4416
	South Bend, IN 46601	E.L. Harris (OC)	River Glen Office Plaza, 219-236-6361
VI	Dallas, TX 75235-3391	R.H. Lopez (RA)	8625 King George Dr., 214-767-7643
	Dallas, TX 75242	J.S. Reed (DD)	1100 Commerce St., 214-767-0600
	Fort Worth, TX 76102	G. Box (BM)	819 Taylor St., 817-334-3777
	Albuquerque, NM 87110	P. Ramos (DD)	5000 Marble Ave NE., 505-766-3430
	Austin, TX 78701	J. Perez (DD)	300 E. 8th St., 512-482-7811
	Corpus Christi, TX 78401	M.A. Cavazos (BM)	400 Mann St., 512-888-3301
	El Paso, TX 79902	H. Zuniga (DD)	10737 Gateway W., 915-541-7676

Field Offices—Small Business Administration—Continued

(RA: Regional Administrator; DD: District Director; BM: Branch Manager; OC: Officer in Charge)

	Region	Officer in Charge	Address/Telephone
	Houston, TX 77054	D.D. Gross (DD)	2525 Murworth, 713-660-4409
	Little Rock, AR 72201	M. Britt (DD)	320 W. Capitol Ave., 740-378-5277
	Harlingen, TX 78550	R. Martin (DD)	222 E. Van Buren, 512-423-4533
	Lubbock, TX 79401	P.J. O'Jibway (DD)	1611 10th St., 806-743-7462
	Marshall, TX 75670	G. Lewis (OC)	100 S. Washington St., 214-935-5257
	New Orleans, LA 70112	T.A. Aboussie (DD)	1661 Canal St., 504-589-6885
	Shreveport, LA 71101	R. Windham (OC)	500 Fannin St., 318-226-5196
	Oklahoma City, OK 73102	R.K. Ball (DD)	200 NW. 5th St., 405-231-5237
	San Antonio, TX 78206	J. Perez (DD)	727 E. Durango, 512-730-6105
VII	Kansas City, MO 64106	W.A. Powell (RA)	911 Walnut St., 816-374-3316
		P. Smythe (DD)	1103 Grand Ave., 816-374-5557
	Des Moines, IA 50309	C.E. Lawlor (DD)	210 Walnut St., 515-284-4567
	Omaha, NE 68102	R.S. Budd (DD)	19th and Farnam Sts., 402-221-3620
	Springfield, MO 65806	S.C. Slaughter (BM)	309 N. Jefferson, 417-864-7670
	St. Louis, MO 63101	R.L. Andrews (DD)	815 Olive St., 314-425-6600
	Wichita, KS 67202	C. Hunter (DD)	110 E. Waterman St., 316-269-6566
	Cedar Rapids, IA 52402	R.W. Potter (DD)	373 Collins Rd. NE., 319-399-2571
	Cape Girardeau MO 63701	G.L. Martin (OC)	339 Broadway, 314-335-6039
VIII	Denver, CO 80202-2395	C.R. Suarez (RA)	1405 Curtis St., 303-844-5441
	Denver, CO 80202-2599	E. Uccellini (DD)	721 19th St., 303-844-2607
	Casper, WY 82602-2839	P. Nemetz (DD)	100 East B St., 307-261-5761
	Fargo, ND 58102	R.L. Pinkerton (DD)	657 2d Ave. N., 701-237-5771
	Salt Lake City, UT 84138-1195	R.K. Moon (DD)	125 S. State St., 801-524-5804
	Sioux Falls, SD 57102-0577	C. Leedom (DD)	101 S. Main Ave., 605-336-2980
	Helena, MT 59626	J.R. Cronholm (DD)	301 S. Park, 406-449-5381
	Billings, MT 59101	J. Labatt (OC)	2601 1st Ave. N., 406-657-6047
IX	San Francisco, CA 94102	I. Castillo (RA)	450 Golden Gate Ave., 415-556-7487
	San Francisco, CA 94105	L.J. Wodarski (DD)	211 Main St., 415-974-0642
	Santa Ana, CA 92701	J.S Waddell (BM)	2700 N. Main St., 714-836-2494
	Agana, GU 96910	Jose M.L. Lujan (BM)	238 O'Hara St., 671-472-7277
	Fresno, CA 93721	P. Bergin (DD)	2202 Monterey St., 209-487-5189
	Honolulu, HI 96850	D.K. Nakagawa (DD)	300 Ala Moana, 808-546-8950
	Las Vegas, NV 89101	R.S. Garrett (DD)	301 E. Stewart, 702-385-6611
	Los Angeles, CA 90071	G.Y. Morita (DD)	350 S. Figueroa St., 213-688-2956
	Phoenix, AZ 85012	W. Fronstein (DD)	3030 N. Central Ave., 602-241-2206
	Reno, NV 85505	R. Davis (OC)	50 S. Virginia St., 702-784-5268
	Sacramento, CA 95814	(Vacancy) (BM)	660 J St., 916-440-2956
	San Diego, CA 92188	G.P. Chandler, Jr. (DD)	880 Front St., 714-293-5430
	San Jose, CA 95113	P. Calleja (OC)	111 W. St. John St., 408-291-7584
	Tucson, AZ 85701	R.A. Schutze (OC)	301 W. Congress, 602-792-6715
X	Seattle, WA 98121	S.J. Hall (RA)	2615 4th Ave., 206-442-5677
	Seattle, WA 98174	J.J. Talerico (DD)	915 2d Ave., 206-442-5534
	Anchorage, AK 99501	F. Cox (DD)	8th and C Sts., 907-271-4022
	Boise, ID 83702	J.G. Kaeppner (DD)	1020 Main St., 208-334-1696
	Fairbanks, AK 99701	S. Carter (BM)	101 12th Ave., 907-456-0211
	Portland, OR 97204-2882	(Vacancy) (DD)	1220 SW. 3d Ave., 503-294-5221
	Spokane, WA 99210	V.W. Cameron (DD)	651 U.S. Courthouse, 509-456-3781

For further information, contact the Office of Information Services, Small Business Administration, 1441 L Street NW., Washington, DC 20416. Phone, 202-653-6365.

SOURCE: U.S. Small Business Administration, U.S. Government Manual, U.S. Government Printing Office, Washington D.C., p. 625-626.

APPENDIX C

CAMPBELLTON PLAZA MERCHANT'S SURVEY

CAMPBELLTON PLAZA MERCHANT'S SURVEY

NAME OF STORE ____________________

LOCATION ____________________

NAME OF MERCHANT ____________________

ADDRESS ____________________

TELEPHONE NUMBER ____________

DATE OF INTERVIEW ____________ INTERVIEWER ____________

1. Goods or services provided ____________

2. How many employees do you presently employ? ____________

3. How long have you leased this particular property? ______

4. Do you think the future of <u>your</u> business is:

   ______ Excellent ______ Good ______ Fair ____ Poor

5. If you could, would you expand your business? ___ Yes ___ No

6. Do you anticipate any assistance from the Government? ___

7. Are you aware of the types of government aids available to the merchants in the Campbellton Plaza? _____

8. If "Yes" what are they? ____________

9. How often do you think you can obtain these aids ______

   ____

10. What are the requirements for getting these aids ______

   ____

11. What are the chances of getting these aids ____________

   ____

12. Are you committed to keeping your business in the Plaza

______________________Yes __________________________No

13. What would cause you to move out of the area? _________

____

14. Are you presently involved in any type of merchant association?_____________Yes _______________No

15. Would you be willing to participate in a merchant association? ____________Yes _______________No

16. Do you regularly seek out any information regarding:

	GREAT NEED	SOME NEED	LITTLE NEED
a) Accounting Needs	_____	_____	_____
b) Financing Your Business	_____	_____	_____
c) Inventory Management	_____	_____	_____
d) Retail Merchandising	_____	_____	_____
f) Regulatory Requirements	_____	_____	_____
g) Legal Aid	_____	_____	_____
h) (Other)_______________	_____	_____	_____

17. Additional Comments: ___________________________________

____

18. Age Group

a. Under 20 __________		d. 41-50 _______	
b. 20-30 __________		e. 51-60 _______	
c. 31-40 __________		f. 61 and over _____	

19. Sex of Respondent ___________Male _____________Female

20. Annual Income Range ________________________________

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